

Disability (Rehabilitation Research)
Summary of Methods and Data for Estimate of Costs of Illness

1. Estimated Total Economic Cost	\$ 169.4 billion
Estimated Direct Cost	\$ 82.1 billion
Estimated Indirect Cost	\$ 87.3 billion
Reference Year	1986
IC Providing the Estimate	NICHD
Direct Costs Include: Other related nonhealth costs	Yes
Indirect Costs Include:	
Mortality costs	No
Morbidity costs: Lost workdays of the patient	Yes
Morbidity costs: Reduced productivity of the patient	No
Lost earnings of unpaid care givers	No
Other related nonhealth costs	No
Interest Rate Used to Discount Out-Year Costs	Not Available
2. Category code(s) from the International Classification of Diseases, 9th Revision, Clinical Modification,(ICD-9-CM) for all diseases whose costs are included in this estimate: <u>No relevant code.</u>	
3. Estimate Includes Costs:	
Of related conditions beyond primary, strictly coded ICD-9-CM category	No
Attributable to the subject disease as a secondary diagnosis	No
Of conditions for which the subject disease is an underlying cause	No
4. Population Base for Cost Estimate (Total U.S. pop or other)	Total U.S. pop.
5. Annual (prevalence model) or Lifetime (incidence model) Cost:	Annual
6. Perspective of Cost Estimate (Total society, Federal budget, or Other)	Total Society
7. Approach to Estimation of Indirect Costs	Human Capital

8. Source of Cost Estimate:

Berkowitz M., Greene C., Disability Expenditures, American Rehabilitation, Spring 1989, Vol. 15, No.1, p. 7-15, 29.

Missing from this estimate was data about expenditures accrued by private organizations for services or payments to those disabled, and the person with the disability for housing, transportation and out-of-pocket expenses.

9. Other Indicators of Burden of Disease:

Not available.

10. Commentary:

Total economic costs associated with disability among persons age 18-64 in the U.S. population were obtained through a published study funded by the National Institute on Disability

Rehabilitation Research. The total cost estimate is a conservative amount derived from several sources. It is also important to know that the authors were consistent in their approach to analyzing yearly data from 1970-1986 for determining the total cost. Based on the estimated total economic losses and particular types of expenditures, the direct costs and indirect costs were derived as follows.

The estimated direct costs included \$79.3 billion for *medical care expenditures* and \$2.8 billion for *direct services expenditures*. Medical care expenditures were defined as funds allocated to working or non-working persons for using medical resources. Programs allocating these funds included Medicare, Department of Defense, private health insurance, Veterans Association, Workman Compensation, Medicaid, Medical vocational rehabilitation, and St. Elizabeth's Hospital. Direct service expenditures were defined as funds allocated for rehabilitation services, veterans' services for specific impairments, general federal programs, and employment assistance programs.

The estimated indirect costs included \$87.3 billion for *transfer payments*. The 1986 transfer payments associated with disabilities were defined as actual funds allocated to persons unable to work because of a disability. Programs that transfer funds included Social Security Disability Insurance which covers the general working population; individual/employer insurance which a person buys or an employer provides; indemnity which a person receives if injured by another person; and income support which a person receives as a supplement if they are without sufficient resources.